



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 12th day of February, 2003

Essential Air Service at

GRAND ISLAND, NEBRASKA

under 49 U.S.C. 41731 *et seq.*

Served: February 18, 2003

Docket OST-2002-13983

**ORDER PROHIBITING TERMINATION OF SERVICE AND
REQUESTING PROPOSALS**

Summary

By this order, the Department is (a) prohibiting Great Lakes Aviation, Ltd., from terminating its unsubsidized essential air service at Grand Island, Nebraska; (b) requiring the carrier to maintain service between the community and Denver, Colorado, for an initial 30-day period following the end of the notice period, through April 2, 2003; and (c) requesting proposals from air carriers interested in providing essential air service at Grand Island.¹

Background

Grand Island is guaranteed to receive a minimum level of air service under the Essential Air Service (EAS) program by virtue of the fact that it appeared on a certificated air carrier's Civil Aeronautics Board-issued certificate on October 24, 1978, the date the Airline Deregulation Act of 1978 was signed into law. (See 49 U.S.C. 41731-41742 for the EAS program's governing statutes.) On December 2, 2002, Great Lakes Aviation filed its notice of intent to terminate its scheduled air service at Grand Island, Nebraska, effective March 3, 2003. Great Lakes Aviation is the only scheduled passenger air carrier serving the community. Great Lakes' service at Grand Island consists of three one-stop round trips each weekday and four one-stop round trips each weekend to Denver with 19-passenger Beech 1900D aircraft.

¹ See Appendix A for a map of the service area.

Essential Air Service Determination

Essential air service at Grand Island is defined as at least two round trips each weekday and each weekend to Denver (one intermediate stop permitted) and Omaha (one intermediate stop permitted), with sufficient capacity to accommodate 40 enplanements each service day.² To accommodate this traffic under the Department's Policy (14 CFR 398), 67 seats a day should be provided with 15-seat or larger aircraft.

Request for Proposals

We will solicit proposals from carriers interested in providing replacement service at Grand Island. We note that Grand Island has averaged impressive levels of enplanements in past years, peaking at over 64 enplanements a day for calendar year 1993. During the community's period of peak traffic, however, the carrier(s) serving the point offered service to as many as five different hubs—far more than current EAS program funding levels permit us to underwrite with subsidy support. However, we note that traffic at Grand Island has declined sharply to sixteen enplanements a day for the most recent annual period for which we have data. Therefore, we request proposal options that would provide the community with service to either of its designated hubs of Denver or Omaha consisting of at least two or three round trips a day, nonstop or one-stop, six days a week, with twin-engine, two-pilot, 15-passenger-seat or larger, pressurized aircraft. The proposals should offer at least enough daily seats to accommodate the most recent average daily enplanements at a 60-percent load factor. We will also entertain proposals to serve other hubs, such as Kansas City, Minneapolis, St. Louis, or Chicago, that provide access to the national air transportation system in order to give the Department and the community as broad an array of proposals as possible from which to choose. As always, we will formally solicit the community's views on any service options we receive before making a long-term carrier selection decision. In order to assist carriers in making their traffic and revenue forecasts, we have included historical traffic data in Appendix B.

Procedures for Filing Proposals

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f), and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR Part 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred. However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

² Order 90-10-13, October 12, 1990.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces, and nondiscrimination.³ Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements as well as copies of the certifications should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

Community and State Comments

The community and State of Nebraska are welcome to submit comments on the proposals at any time.⁴ Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. In any event, after conducting rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.⁵

This order is issued under authority delegated in 49 CFR 1.56a(f).

³ The regulations applicable to each of these three areas are (1) 49 CFR Part 20—New Restrictions on Lobbying; (2) 49 CFR Part 21—Nondiscrimination in federally-assisted programs of the Department of Transportation—Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27—Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382—Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29—Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

⁴ Civic parties should file an original and five copies of their comments in the appropriate docket(s). This filing should be addressed to:

Dockets Operations and Media Management, SVC-124
Office of the Secretary
U.S. Department of Transportation
Room PL401
400 Seventh Street, S.W.
Washington, D.C. 20590

⁵ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be reliably provided without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service.

ACCORDINGLY

1. We request that carriers interested in providing essential air service at Grand Island, Nebraska, submit their proposals, with or without requests for subsidy, within 20 days of the service date of this order. An original and five copies of the proposal should be sent to the EAS and Domestic Analysis Division, X-53; Office of Aviation Analysis, Room 6401; U.S. Department of Transportation; 400 Seventh Street, S.W.; Washington, D.C. 20590, with the title: "Proposal To Provide Essential Air Service at Grand Island, Nebraska, Docket OST-2002-13983;⁶
2. The Department prohibits Great Lakes Aviation, Ltd., from terminating service at Grand Island, Nebraska, at the end of its 90-day notice period, and requires it to maintain at least three nonstop or one-stop round trips each weekday and each weekend to Denver, through April 2, 2003, or until a carrier capable of providing reliable essential air service actually begins service, whichever comes first;
3. The Department directs Great Lakes Aviation, Ltd., to retain all books, records, and other source and summary documentation to support claims for payment, and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;
4. Docket OST-2002-13983 will remain open until further Department order; and

⁶ After serving a copy of its proposal on the civic officials of Grand Island, the State of Nebraska, and each of the other applicants, each applicant must then file a certification of service with the Department's Docket Operations and Media Management Division, SVC-124. Questions regarding filings in response to this order may be directed to Luther Dietrich at 202-366-1046.

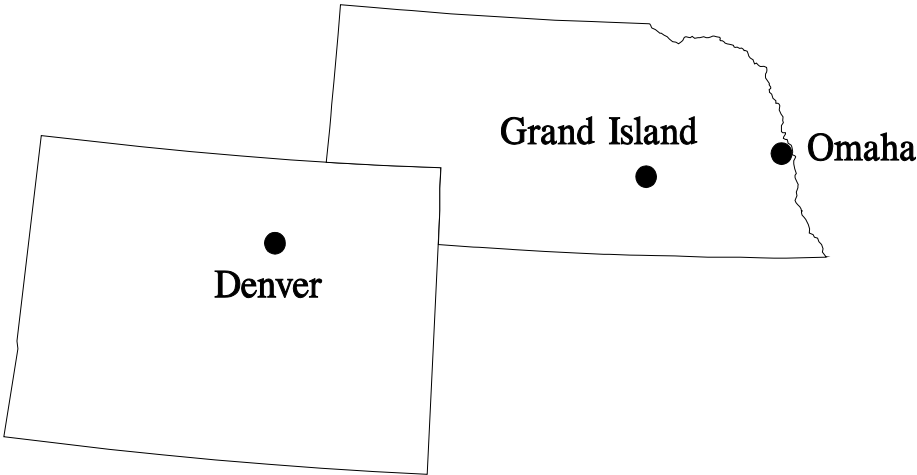
5. We will serve a copy of this order on the Mayor of Grand Island, the manager of the Central Nebraska Regional Airport, the Nebraska Department of Aeronautics, Great Lakes Aviation, Ltd., and the carriers listed in Appendix C.

By:

READ C. VAN de WATER
Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov/>*



Essential Air Service at Grand Island, Nebraska
Historical Origin-Destination Passenger Traffic (both directions) ¹

Four quarters ended	GRI-DEN	GRI-MCI	GRI-MSP	GRI-OMA	GRI-ORD	All GRI markets other than hubs	Total all GRI markets
12/31/1985	5,833	0	0	5,237	0	1,986	13,056
12/31/1986	6,260	15	0	3,749	0	1,595	11,619
12/31/1987	6,200	684	0	4,976	0	2,009	13,869
12/31/1988	5,212	4,043	0	4,131	0	2,605	15,991
12/31/1989	5,627	7,717	0	2,177	0	2,899	18,420
12/31/1990	8,092	2,949	4,664	5,291	0	2,020	23,016
12/31/1991	12,220	6,639	5,557	2,821	2,052	1,960	31,249
12/31/1992	17,454	4,797	5,961	2,690	3,427	2,156	36,485
12/31/1993	18,637	5,628	6,955	2,003	4,449	2,458	40,130
12/31/1994	20,181	4,272	5,330	791	3,688	2,729	36,991
12/31/1995	17,464	2,713	5,605	406	1,916	1,877	29,981
12/31/1996	19,238	1,198	6,168	1,761	11	367	28,743
12/31/1997	19,251	0	4,970	2,840	0	400	27,461
12/31/1998	19,573	0	10,303	0	6	617	30,499
12/31/1999	19,435	0	1,820	0	21	571	21,847
12/31/2000	18,613	0	0	0	0	1,215	19,828
12/31/2001	13,145	0	0	0	0	344	13,489
6/30/2002	9,693	0	0	0	0	304	9,997

¹ Source: U.S. Department of Transportation, Bureau of Transportation Statistics (BTS), Form 298-C, Schedule T-1, for traffic reported by Rocky Mountain Airways, Midcontinent/Braniff Express, GP Express Airlines, and Great Lakes Aviation.

Essential Air Service at Grand Island, Nebraska
Average Daily Passenger Enplanements Computed from
Historical Origin-Destination Passenger Traffic

Four quarters <u>ended</u>	Origin- destination <u>passengers</u> ²	Average annual <u>enplanements</u> ³	Average Enplanements <u>per service day</u> ⁴
12/31/1985	13,056	6,528	20.9
12/31/1986	11,619	5,810	18.6
12/31/1987	13,869	6,934	22.2
12/31/1988	15,991	7,996	25.5
12/31/1989	18,420	9,210	29.4
12/31/1990	23,016	11,508	36.8
12/31/1991	31,249	15,624	49.9
12/31/1992	36,485	18,242	58.1
12/31/1993	40,130	20,065	64.1
12/31/1994	36,991	18,496	59.1
12/31/1995	29,981	14,990	47.9
12/31/1996	28,743	14,372	45.8
12/31/1997	27,461	13,730	43.9
12/31/1998	30,499	15,250	48.7
12/31/1999	21,847	10,924	34.9
12/31/2000	19,828	9,914	31.6
12/31/2001	13,489	6,744	21.5
6/30/2002	9,997	4,998	16.0

² See page (1) of this Appendix.

³ Origin-destination passengers divided by two.

⁴ Average annual enplanements divided by 313 effective annual service days, except for the four quarters ended 12/31/1988, 12/31/1992, 12/31/1996, and 12/31/2000 (314 effective annual service days).

Essential Air Service at Grand Island, Nebraska
Service List for the State of Nebraska

Air Casino, Inc.
Air Midwest, Inc.
Air Wisconsin, Inc.
Amerijet International, Inc.
Corporate Airlines, Inc.
Delta Connection
Dwyer Aircraft Sales, Inc.
Falcon Aviation, Inc.
Great Lakes Aviation, Ltd.
Heartland Aviation, Inc.
Mesa Airlines, Inc.
Mesaba Aviation, Inc.
Metroflight, Inc.
Midway Airlines, Inc.
Midwest Express Airlines, Inc.
Multi Aero, Inc.
Northwest Airlink
Redwing Airways, Inc.
Renown Aviation, Inc.
Rocky Mountain Airways, Inc.
Thunderbird Aviation, Inc.
Trans States Airlines, Inc.
Westward Airways, Inc.

Louis Andrews
Ken Bannon
Doug Franklin
E.B. Freeman
Douglas Gumula
Ben Harrison
A. Edward Jenner
Bob Karns
William Kostel
Lee Mason
John McFarlane
Robert Wigmore